

L'Oréal Professional Prod. Div. looks toward the future

Interviewing **Pat Parenty** was a special treat for **Beauty Industry Report (BIR)**, as I have

known Pat for what seems like a lifetime. When our family was in the distribution business, Pat was the head sales executive with **LaMaur**, a company that was a large, leading beauty brand that has long since disappeared from the professional marketplace, but Pat certainly hasn't. After his tenure at LaMaur, he joined **L'Oréal's Professional Products Division (PPD)**, and today, he heads up the largest professional beauty



Pat Parenty leads the L'Oréal Professional Products Division.

manufacturer in the largest salon market in the world. Mega brands under the L'Oréal PPD banner include **Matrix, Redken and L'Oréal Professionnel**, along with **Pureology, Kerastase, Shu Uemura, Mizani** and **Essie**, plus the **SalonCentric** distribution arm. It was great catching up with Pat and quite eye-opening to get a view from his seat.

BIR: Pat, first let me ask you what comes to mind you when you compare the salon industry in the days you were at LaMaur with how business is conducted in today's marketplace?

Pat Parenty (PP): I joined LaMaur in 1983, and thinking back, the professional beauty industry was quite different than it is today. Back then, the entrepreneurial spirit at the manufacturers, distributors and salons was very exciting. You could see that talented industry professionals with a vision and drive could achieve great success. It was really an industry in which the American dream was alive and thriving.

Although I believe the industry has "grown up" and is no longer dominated by small business, I still point to many entrepreneurs who are still driving a good level of innovation in our industry. That's what makes this industry as exciting, even in a time during which large global companies play a major role in the industry—you still see entrepreneurial dreams coming true.

BIR: Please share your perspective about the

evolving business in the U.S. salon market, as well as what it's like to lead a company that is a major force in the world market within the changing marketplace?

PP: Looking at the business, we are excited about the opportunities that exist in the U.S. market, and we believe we have a strong portfolio of brands that allows us a unique offering to the U.S. salon professional. There is no question that the U.S. professional beauty market has been affected by the U.S.

economy and the new U.S. consumer mindset—one that places more importance on value than in the past. One of the biggest opportunities we see lies in providing salon owners and salon professionals with the right combination of creative inspiration and solid business practices that can make salons more competitive in today's market.

BIR: How does L'Oréal PPD do that?

PP: We have a strong portfolio of integrated programs that can support salon professionals in developing their businesses. We can show a salon professional how to attract new clients through a basic referral program, then enrich that with our digital program that uses Facebook to attract clients. We provide access to email lists and an email campaign for new clients, and we even know how to "promote your salon for business" using that popular format to show how you can increase salon traffic. We have programs at that detailed level

for every aspect of the salon business, (front desk, merchandising, retailing, complete salon management system, public relations, consultation, etc.).

We have formed a relationship and developed an amazing salon management program, working with industry giants like **Michael Cole, Peter Mahoney, Randy Kunkle** and **Scott Missad. The Summit Salon Business Center (SSBC)** offers salon owners a complete turnkey salon management program that is proven and successful. The system is complete and covers all aspects of the salon business and has modern and effective policies and processes that increase salons' financial performance. SSBC also offers salon coaching, a real key for success, as most salon owners are looking for help in developing their salon business and leadership style.

BIR: What are some of the ways you are

reinventing the salon and capturing the imagination of the consumer?

PP: Certainly, today's professional beauty industry is not a place for those who want the status quo—change has become constant in our industry. We want to work with the forward-thinking salon professionals who have a similar vision to ours, those who see an evolving salon



The L'Oréal Professional Products Division brand portfolio features leading salon brands.

experience in which we can reinvent the salon and capture the imagination of the consumer to enhance the core value of the relationship that hairdressers has with their clients. We see great opportunity to capitalize on new technologies—new consumer trends like natural ingredients and sustainable business models that can keep our industry out in front of consumer demands. As a worldwide leader in the professional beauty industry, we feel a real responsibility to lead positive change in this industry by bringing the latest trends and

ideas to life for our salon community.

BIR: What are some of the unique challenges of marketing in the domestic salon market that are different from what L'Oréal faces in the world market?

PP: Looking at the business globally, there are many commonalities in hairdressing around the world, and we can also see some unique aspects from market to market. You're probably well aware of the booth rental phenomenon, which is unique to the United States. Many full-service salons in the United States use a commission-based compensation model, whereas we see salary in other markets. Salon retail is more prevalent in U.S. salons, which are also much more likely to carry multiple brands, as opposed to their global counterparts, which tend to focus on a single brand. Becoming a salon professional through the beauty school process also varies around the world. Those unique qualities present some great opportunities and challenges to manufacturers, as we decide how to bring our products to salons in the U.S. market. Those unique attributes drive sales behavior and give us the opportunity to develop creative programs that leverage the salon reality in the U.S. market.

BIR: What are some of the major advantages that L'Oréal's global marketing and reach allow you to bring into the U.S. market?

PP: Having a global vision allows us to see the trends happening in Europe, Latin America, Asia and the emerging countries. We can often bring those new trends to the U.S. market in the form of products, services or creative inspiration, as they are becoming a big influence on the consumer, giving U.S. salons the credibility and authority in offering the newest hair styles, color trends and in-salon services to their clients. Central to every brand in the L'Oréal PPD is our desire to support salon professionals in developing their creative, technical and business skills so they can achieve their dreams and be successful both professionally and personally. We have a diverse and

comprehensive brand portfolio, and each brand has its own unique position, mission and vision.

BIR: What are some of the distinguishing characteristics of each L'Oréal PPD brand?

PP: I could not do justice for all our brands in a couple of sentences. I ask interested **BIR** readers to visit our brands' websites to get the details of each brand. Here are the links to each brand and SalonCentric's websites: www.lorealprofessionnel.com; www.lorealtechnique.com; www.matrix.com; www.redken.com; www.kerastase-usa.com; www.pureology.com; www.shuueamuraartofhair-usa.com; www.mizani-usa.com; www.essie.com and www.saloncentric.com.

BIR: Several years ago, L'Oréal began acquiring some of the leading independent distribution companies and today, your Salon Centric division is one of two dominating North American distribution networks. What led you to expand beyond product marketing and into professional beauty products distribution?

PP: As the leading global company in beauty, we always look to ensure the future of our business. The third-party distributor system in the United States served us well and allowed us to build a significant business in this country. Like every go-to-market system, there are

positives and negatives. Consistent with L'Oréal's strategy globally, we wanted to increase our proximity to our hairdressers and salon community, and remove any uncertainties that exist in a

third-party distribution system.

We now control our business in the majority of the United States from the time we have a new idea for a product or program, through the development process right to the execution at the salon level. That gives us greater insight into the needs and desires that exist at the salon level and allows us direct



Salon Centric, L'Oréal's distribution arm, increases its proximity to salon professionals—its customers—by working with beauty professionals in their own communities to discover their needs and desires.

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contact with the salon customers. We see what's working and what's not and can quickly adjust our programs and get direct feedback on future ideas we present to our salon customers.

L'Oréal is a strong global company, so we can leverage the knowledge and expertise that our company has in all aspects of our business, ultimately making us more efficient and productive. I really see this as a natural evolution, as our industry has transitioned from the "cottage" industry it was 20 years ago to the global business it is today. It is really an exciting time for us, a big challenge and an even bigger opportunity for long-term strategic business development for L'Oréal and for the industry as a whole.

BIR: Share with our readers SalonCentric's vision and future growth strategies.

PP: SalonCentric's vision to be the beauty professional's partner of choice is supported by our vision "to exceed the expectations of all salon professionals by being the business partner of choice committed to listening to their needs; to provide the finest brands, value-added programs, world class education, service and business solutions that guide and inspire their success."

Paul Sharnsky and his team have done a remarkable job moving SalonCentric from a collection of best-in-class regional distribution companies to a national distribution company with one common mission and an evolving inclusive culture that centers on the salon professional. We have really kept the best of the legacy companies' practices while synergizing into a new national company with an exciting future and a common set of operating principles.

Over the past two years, SalonCentric has made exciting and positive changes to our



Matrix Total Results features five complete hair care ranges, including Total Miracles, that deliver instant results for a transformation you can see and feel.

store operations, merchandising and marketing programs. At the same time, we have developed our sales force, equipping our team members with new technology and training to allow them to be the best in the market at supporting their salon customers. Paul has a great way of summing up the SalonCentric organization as a company "that thinks globally, but acts locally." That gives great dimension to how we want to interact with the hairdressing community.

We believe the future for SalonCentric is quite bright, as we build on the success we have established to date and look to bring innovation, new technologies, CRM

initiatives and new experiences to our store customers. Plus, we have great plans in place to further develop our sales consultants, focusing on developing their skills and equipping them with the tools they need to provide salon owners the resources they want to improve the overall performance of their businesses.

BIR: What are some of the major benefits that salon owners receive from becoming a SalonCentric customer?

PP: Partnering with SalonCentric brings the salon owner the best products, world class education in all categories, knowledgeable sales consultants, excellent service, convenient store locations, exciting events, access to the best advanced training centers, loyalty programs and much more. We can really customize our programs and build specific business/education plans to produce the desired outcome. We have a great tool, the **Salon Score Card**, which helps a salon owner understand the salon's strength and opportunities for improvement and allows for a specific action plan to drive positive results.

SalonCentric can provide any salon professional with simple product selection at one of our stores and serve them all the way to developing a complete salon remodel and a proven salon management program. That is how we bring our vision of being the salon professionals' partner of choice to life.

BIR: Product diversion is certainly not new; however, the scope of professional salon products being diverted has made diversion a major salon industry epidemic. How are you addressing the problem?

PP: Product diversion is an industry issue that's been around a long time. Our position is simple; we do not want our professional products to be diverted outside of the salon channel. To that end, we have developed a strong system of distributor/chain/salon contracts that allows us to code our products down to the salon level. We then shop unauthorized retailers, decode the merchandise and terminate our relationship with the offending parties. We have had a major reduction of more than 48% in units sold in unauthorized outlets over the past two years. We track through the IRI reporting service and have terminated our relationship with more than 5,000 accounts over the past five years.

The amount of data we have amassed over the years on the depth and extent of the collectors and retailers that are seriously committed to bringing professional products into their unauthorized locations is mind-boggling. One often-missed understanding is that the salon client (consumer) does not recognize diversion as a problem. We have found that if salon professionals (stylists) have a conversation with their clients on why it's important to purchase the salon brands only at the salon, they will!

The core of our industry has always been



Kerastase Fibre Architecte features a reparative dual serum with Intra-Cylane that binds split ends and damaged lengths.